

ECONOMY, ENERGY AND TOURISM COMMITTEE

Wednesday 10 June 2009

Session 3

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ECONOMY, ENERGY AND TOURISM COMMITTEE

19th Meeting 2009, Session 3

CONVENER

*Iain Smith (North East Fife) (LD)

DEPUTY CONVENER

*Rob Gibson (Highlands and Islands) (SNP)

COMMITTEE MEMBERS

*Ms Wendy Alexander (Paisley North) (Lab)

*Gavin Brown (Lothians) (Con)

*Christopher Harvie (Mid Scotland and Fife) (SNP)

*Marilyn Livingstone (Kirkcaldy) (Lab)

*Lewis Macdonald (Aberdeen Central) (Lab)

*Stuart McMillan (West of Scotland) (SNP)

COMMITTEE SUBSTITUTES

Nigel Don (North East Scotland) (SNP)

Alex Johnstone (North East Scotland) (Con)

Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD)

David Whitton (Strathkelvin and Bearsden) (Lab)

*attended

THE FOLLOWING GAVE EVIDENCE:

Jim Mather (Minister for Enterprise, Energy and Tourism)

CLERK TO THE COMMITTEE

Stephen Imrie

SENIOR ASSISTANT CLERK

Katy Orr

ASSISTANT CLERK

Gail Grant

LOCATION

Committee Room 4

Scottish Parliament

Economy, Energy and Tourism Committee

Wednesday 10 June 2009

[THE CONVENER *opened the meeting at 09:32*]

Subordinate Legislation

Renewables Obligation (Scotland) Amendment Order 2009 (Draft)

The Convener (Iain Smith): I welcome everyone to the 19th meeting of the Economy, Energy and Tourism Committee in 2009. As usual, I remind everyone to switch off their mobile phones and BlackBerrys because they can interfere with the sound system even if they are in silent mode.

Agenda item 1 is subordinate legislation. I welcome back to the committee for one of his regular appearances the Minister for Enterprise, Energy and Tourism, Jim Mather. The committee will take evidence on the draft Renewables Obligation (Scotland) Amendment Order 2009 and will then consider whether to approve the order. I invite the minister to make some introductory remarks.

The Minister for Enterprise, Energy and Tourism (Jim Mather): Thank you, convener. Members will recall that I appeared before the committee on 11 March to discuss the introduction of banding to the Renewables Obligation (Scotland) Order. During that meeting, I made it plain that the Scottish Government intends to maintain the higher levels of support for wave and tidal power in Scotland that were introduced to the renewables obligation in 2007. As we had not received the European Commission's response to our notification about that higher level of support, I explained that we intended to return to the committee with a suitable and specific amendment when we had received the Commission's formal response. That response duly arrived in April and confirmed that the Commission had no objection to our proposals.

Put simply, the amendment order, if approved, will mean that wave and tidal generation that is located in Scottish waters will receive five and three renewables obligation certificates respectively. That is more than the two ROCs that are available for wave and tidal generation elsewhere in the United Kingdom. The draft order reflects the proposals on which we consulted, and which were agreed, last year. As a result, the

changes are widely understood and anticipated by our stakeholders and colleagues both here in Scotland and throughout the UK.

Before I move the motion, my official—singular—and I will be happy to respond to any questions that the committee may have.

Lewis Macdonald (Aberdeen Central) (Lab): I have a couple of questions about the changes and how they relate to those elsewhere in the United Kingdom. Previous orders put a cap on the level of support for wave and tidal, but the draft order includes no such cap. It would be useful to know what the intention is in that regard. Will the cap be appropriately increased or will it be removed?

Jim Mather: The belief is that now is not the right time to establish a firm cap on higher bands. The ceiling might become an issue in time as capacity starts to build and the ROC numbers start to have an effect on the wider obligations, but that would be welcome. We would like to be at that stage because it would indicate success. That will allow us to take stock and see how best to shape things as we proceed.

On the differences between Scotland and the rest of the UK, in essence, the opportunity is here in Scotland. The feedback that we received from the consultation was that it is important that we align with the industry's appetite and encourage a pipeline of projects. We recognise the international competition from other locations and other technologies that could attract capital.

Lewis Macdonald: That is helpful. I welcome the UK Government's announcement that it intends to increase the ROCs for offshore wind as part of its work to expand that sector. That has huge implications for Scotland. How will it be reflected in relation to renewables obligations in Scotland?

Jim Mather: The budget announcement meant, in effect, that changes to offshore wind were under active consideration. Any actual changes will be subject to consultation.

We will maintain close contact and dialogue with the UK Government and other stakeholders. No specific current offshore wind projects will be affected, and none that is due to come on stream in the near future. However, the key point is that we want to ensure that we have the right incentives in place, as with wave and tidal, to encourage more people to take up the huge potential.

Lewis Macdonald: In both sectors, the intention remains for Scotland to match the levels of renewables obligation that are provided by the UK Government.

Jim Mather: That has been our track record to date. Yes.

Rob Gibson (Highlands and Islands) (SNP): Will you comment on the greater cost of developing the difficult deep-sea areas that we represent and the greater—indeed, the huge—prize that will come from developing them, which underpins the approach that is being adopted? Will you ensure that the ROCs are kept under close scrutiny to ensure that they reflect the actual costs of such developments?

Jim Mather: Absolutely. We are treating them as an important incentive and signal to get devices and small arrays in the water earlier. The order allows us to amend the bands if experience shows that it is not having the effect that we want—that it is not generous enough or that it is too generous. We will monitor that closely with the other stakeholders, who have been helpful during the consultation process to date.

The Convener: As there are no further questions, we move to item 2, which is to consider the motion on the affirmative instrument.

Motion moved,

That the Economy, Energy and Tourism Committee recommends that the draft Renewables Obligation (Scotland) Amendment Order 2009 be approved.—[*Jim Mather.*]

The Convener: Do you wish to say anything else, minister?

Jim Mather: That says it all.

The Convener: Does anyone wish to contribute to the debate?

Members: No.

The Convener: The question is, that motion S3M-4202, in the name of Jim Mather, be agreed to.

Motion agreed to.

The Convener: I thank the minister for his attendance. We will give him next week off, but we will see him again in two weeks' time, when we discuss the progress that has been made since our tourism inquiry.

Jim Mather: I look forward to seeing you to discuss a different topic. Thank you.

Decisions on Taking Business in Private

09:39

The Convener: Item 3 is to consider taking business in private. Do members agree to take our next item, which is a discussion on our draft stage 1 report on the Arbitration (Scotland) Bill, and any future consideration of that draft report, in private?

Members *indicated agreement.*

The Convener: Do members also agree to take in private at our next meeting the briefing that we previously agreed to take from our tourism adviser, Professor John Lennon?

Members *indicated agreement.*

09:40

Meeting continued in private until 12:05.

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